



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 5a

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Memorandum

TO: Legislation Committee

DATE: July 3, 2013

FR: Executive Director

W. I. 1131

RE: H.R. 2288 (Grimm)/S. 1116 (Schumer): Transportation Fringe Benefit: Transit/Parking Parity

Background

H.R. 2288 and S. 1116 are similar bills that would provide permanent parity in the federal transportation fringe benefit program, per Internal Revenue Code 132 (f). Under current law, the maximum amount of transit, vanpooling and parking expenses that may be withheld from income taxes is \$245 per month. However, without action by Congress this session, the transit and vanpooling amount will drop to \$125 per month in January 2014 resulting in substantially higher expenses for people who currently claim the maximum transit or vanpooling benefit.

H.R. 2288 would provide parity between modes, but would *reduce* the allowable monthly amount from \$245 per month to \$220 per month (plus an annual cost of living adjustment, i.e. COLA) in order to avoid adding to the federal budget deficit. H.R. 2288 also makes some important changes to the bicycle benefit:

- Increases the monthly bicycle benefit from \$20 per month to \$35 per month, plus a COLA.
- Allows a person to qualify for the bicycle commuting reimbursement *in combination* with other transportation fringe benefits, making the bicycle benefit much more practical.
- Allows participation in a bike sharing program to qualify as an allowable expense if a bicycle from such a program is regularly used for commuting.

Recommendation: Support / Support & Seek Amendments

Discussion

The concept that federal policy should provide public transit and vanpooling commuters at least the equivalent tax savings opportunities as those who drive and pay for parking at work has been a core element of MTC's federal advocacy program for many years. Passage of these bills is also important to maximize the benefit Bay Area commuters will receive from the Regional Commute Benefit Program authorized by SB 1339 (Yee, 2012). As such, staff recommends that we support H.R. 2288 and adopt a "support and seek amendment" position on S. 1116 to request changes that would incorporate the provisions of H.R. 2288 with respect to the *amount* of the monthly benefit (thereby avoiding further deficit spending) as well as the changes to the bicycle commuting benefit noted above.

Known Positions

Support

American Public Transportation Association

Oppose

None on file

Steve Heminger